103D CONGRESS
1ST SESSION

H. R. 862

To require the Secretary of Health and Human Services to submit to the Congress a proposal for the regulation of long-term care insurance policies, including an analysis and evaluation of such policies as are available to individuals, and to amend the Internal Revenue Code of 1986 to allow tax-free distributions from individual retirement accounts for the purchase of long-term care insurance coverage by individuals who have attained age 59½.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1993

Mr. ROWLAND introduced the following bill; which was referred jointly to the Committees on Ways and Means and Energy and Commerce

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A BILL

To require the Secretary of Health and Human Services to submit to the Congress a proposal for the regulation of long-term care insurance policies, including an analysis and evaluation of such policies as are available to individuals, and to amend the Internal Revenue Code of 1986 to allow tax-free distributions from individual retirement accounts for the purchase of long-term care insurance coverage by individuals who have attained age 59½.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Long-Term Care Insurance for the Elderly Act of 1993’’.

SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR THE PURCHASE OF LONG-TERM CARE INSURANCE COVERAGE BY INDIVIDUALS WHO HAVE ATTAINED AGE 59½.

Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to tax treatment of distributions from individual retirement accounts) is amended by adding at the end the following new paragraph:

‘‘(8) DISTRIBUTIONS TO PURCHASE LONG-TERM CARE INSURANCE.—

‘‘(A) IN GENERAL.—Paragraph (1) shall not apply to the applicable percentage of any amount paid or distributed out of an individual retirement account or individual retirement annuity to the individual for whose benefit the account or annuity is maintained if—

‘‘(i) the individual has attained age 59½ by the date of the payment or distribution, and

‘‘(ii) the entire amount received (including money and any other property) is used within 90 days to purchase long-term care insurance for the benefit of the individual or the spouse of the individual (if the spouse has attained age 59½ by the date of the payment or distribution).

‘‘(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term ‘applicable percentage’ means in the case of a taxpayer whose adjusted gross income for the taxable year is—

‘‘(i) not greater than the minimum amount, 100 percent,

‘‘(ii) greater than the minimum amount but not greater than the maximum amount, a percentage equal to—

‘‘(I) the difference between the maximum amount and such adjusted gross income, divided by

‘‘(II) the difference between the maximum amount and the minimum amount, or

‘‘(iii) greater than the maximum amount, zero percent.

‘‘(C) DEFINITIONS.—For purposes of subparagraph (A)—

“(i) LONG-TERM CARE INSURANCE.—The term ‘long-term care insurance’ means an insurance policy which at a minimum, provides reimbursement for expenses incurred by, and services provided to, the beneficiary for catastrophic and long-term care at a nursing facility within the meaning of section 1919(a) of the Social Security Act (42 U.S.C. 1396r(a)) and at the home of the beneficiary in the case of services of a homemaker/home health aide, personal care services, and nursing care provided by a licensed professional nurse.

“(ii) MINIMUM AMOUNT.—The term ‘minimum amount’ means, with respect to any taxable year, $45,000 increased by an amount which is equal to $45,000 multiplied by the cost-of-living adjustment (as defined in section 1(f)(3)) for the calendar year in which the taxable year begins.

“(iii) MAXIMUM AMOUNT.—The term ‘maximum amount’ means, with respect to any taxable year, $100,000 increased by an amount which is equal to $100,000 multiplied by the cost-of-living adjustment (as defined in section 1(f)(3)) for the calendar year in which the taxable year begins.

"(iv) ROUNDING.—If any amount determined under clause (ii) or (iii) is not a multiple of $10, the amount shall be rounded to the nearest multiple of $10 (or if the amount is a multiple of $5 and not a multiple of $10, the amount shall be increased to the next multiple of $10)."

SEC. 3. REPORT TO CONGRESS ON MINIMUM STANDARDS FOR LONG-TERM CARE INSURANCE POLICIES.

(a) IN GENERAL.—Within 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue a report to the Congress after consultation with representatives of the following:

(1) Consumer groups.

(2) Insurance companies.

(3) Long-term care facilities.

(4) Hospitals.

(5) Home health care agencies.

(6) State commissioners of insurance.

(b) CONTENTS OF REPORT.—The report required in subsection (a)—

(1) shall propose a regulatory program which provides for the application of minimum standards and requirements with respect to long-term care insurance policies, and

(2) should analyze and evaluate—

(A) the various catastrophic and long-term care insurance policies available to individuals, and

(B) any other areas of examination determined to be appropriate by the Secretary of Health and Human Services.

SEC. 4. EFFECTIVE DATE.

The amendment made by section 2 shall apply to amounts paid or distributed after the 1st day of the 1st calendar year which begins after the date of the enactment of this Act.

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